

# Leaving State or County Employment?

## Noncontributory Plan



**Employees' Retirement System**  

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of the State of Hawaii

# Frequently asked retirement questions for those leaving State or County employment

## *Noncontributory Plan*

### 1. How do I know what retirement plan I am enrolled in?

The Employees' Retirement System (ERS) is comprised of three retirement plans: Contributory, Hybrid, and Noncontributory. Your occupation and the date you became an ERS member determined what plan you are enrolled in.

Contributory and Hybrid Plan members are required by law to have retirement contributions deducted from their monthly gross salary, while Noncontributory Plan members are not.

Noncontributory Plan members are most employees hired from July 1, 1984, and before July 1, 2006, as well as employees hired before July 1, 1984, who elected to transfer from the Contributory Plan. If you are a Noncontributory member, your pay statement will not show any deduction for retirement contributions to the ERS.

### 2. What are the minimum requirements for service retirement?

- If you have at least 10 years of credited service **AND** you are age 62 or older when you leave your job, you can retire with full benefits.
- If you have at least 30 years of credited service **AND** you are age 55 or older, you can retire with full benefits.
- If you have at least 20 but less than 30 years of credited service **AND** you are at least 55 years of age, you can retire before age 62 with a reduced benefit. The reduction factor is 6% for each year you are below age 62.
- If you have at least 25 years of credited service as a sewer worker, water safety officer, or an emergency medical technician **AND** your last five years of credited service prior to retirement are in any of these occupations, you can retire before age 55 with full benefits.
- If you leave your job before age 62 with at least 10 but less than 20 years of credited service and you do not return to a State or County job covered by ERS, you must wait until age 65 to retire.

In addition, you must retire on the 1st day of a month (except for December, during which you can retire either on the 1st or 31st). Your "close of business" (COB) date must be before your retirement date.

Please contact an ERS office if you are eligible to retire. We must receive your retirement application at least 30 days before your retirement date. We can accept your retirement application up to 150 days before your retirement date.

### 3. Am I entitled to any retirement benefits when I leave my job?

If you have 10 or more years of credited service:

- You have “vested benefit status” and WILL BE eligible for a retirement benefit when you meet the age requirement. Refer to Question #2 to determine when you can retire. You may contact an ERS office to request a retirement estimate 6 months before you want to retire.
- If you later return to a State or County job covered by ERS before you retire, you will continue to earn retirement service credit.

If you have less than 10 years of credited service:

- You are NOT eligible for a retirement benefit.
- If you return to a State or County job covered by ERS by the end of the next calendar year after the year you leave employment, you will retain all of your service credits and you will continue to earn additional service credits during your next employment period.
- If you return to a State or County job covered by ERS after the end of the next calendar year, you will lose (forfeit) all of your credited service and will “earn back” at no cost, one month of forfeited Noncontributory service credit with each credited month of re-employment.

*Example:* Wes had 5 years of service credit in the Noncontributory Plan when his job ended on June 30, 2008. If he does not return by December 31, 2009, he will forfeit his 5 years of service credit. If Wes is rehired any time after December 31, 2009, he will “earn back” at no cost one month of forfeited Noncontributory service with each credited month of re-employment. After 5 years of re-employment, Wes will have “earned back” 5 years of Noncontributory service and will have a total of 10 years of credited service.

- If you do not return to a State or County job covered by ERS, you will forfeit all of your credited service.

Regardless of the years of service you had when you left your job, unless you are required by law to join the Contributory Plan based on your occupation (police officer, firefighter, elected officer, judge, etc.), you will be enrolled in the **Hybrid Plan** when you return to work.

In most cases, if you move from one State or County job covered by ERS to another without a working day break in service, you will continue your membership in the Noncontributory Plan. Be sure to inform your new personnel office of your transfer.

Your personnel office will also be able to tell you whether your new job is covered by ERS.

## 4. What is credited service?

Credited service is the length of time you work for the State or County while a member of the ERS. It includes regular membership service and authorized leaves such as industrial injury, sabbatical, educational, and professional improvement. If you are employed for 15 or more calendar days in any month (14 calendar days in February), you will receive one month of service credit. Mandatory unpaid maternity leave prior to July 1, 1973, previous service and active military duty may also be acquired for additional service credit.

You should file your claim with the ERS for any additional service you wish to acquire before you leave your State or County job. If you fail to file your claim before you leave your State or County job, check with the ERS immediately to find out if you are still eligible to claim the additional service.

## 5. How will my monthly pension be computed?

*Formula:  $1\frac{1}{4}\%$  X Years of Service X Average Monthly Salary\**

*\*Average Monthly Salary is the monthly salary based on your “average final compensation” (AFC). Your AFC is the average of your earnings for your three highest paid years of credited service (or for some members five highest paid years, see Question #8) as a State or County employee.*

*Example:  $1\frac{1}{4}\%$  X 30 years X \$3,000 = \$1,125/month (Maximum Allowance)*

This is an example of a monthly pension benefit payable under the Maximum Allowance option. Other retirement options are available to meet a range of retirement needs and goals.

## 6. How will my monthly pension be computed if I take early retirement?

As noted in Question #2, you can retire with a reduced benefit at age 55 if you have at least 20 but less than 30 years of credited service. Your pension will be reduced by 6% for each year you are below age 62.

*Example: Member retiring at age 55 with 20 years of service*

Benefit formula: $1\frac{1}{4}\%$ X 20 years X \$3,000	=	\$750/month
Less reduction for age: 7 years X 6% = 42% X \$750	=	- \$315
Early retirement benefit (Maximum Allowance)	=	\$435/month

## 7. What will happen to my unused sick leave?

Unused sick leave will be used to increase your retirement benefit if you have at least 60 days of unused sick leave and you leave government service in good standing. However, your unused sick leave cannot be used to meet the minimum retirement eligibility requirements. Every 20 days of unused sick leave is equal to one month of service credit. Your personnel/payroll office will determine your unused sick leave balance.

$60 \text{ days} \div 20 \text{ days} = 3 \text{ months of additional service credit}$   
 $240 \text{ days} \div 20 \text{ days} = 12 \text{ months (1 year)}$   
 $70 \text{ days} \div 20 \text{ days} = 4 \text{ months (rounded from 3.5 months)}$

*Example:* June has 9 years and 6 months of credited service and 6 months of unused sick leave. The 6 months of unused sick leave cannot be used to meet the 10-year minimum requirement for retirement.

If June has at least 10 years of credited service when she retires, the 6 months of unused sick leave will be used to increase her credited service for the purpose of calculating her monthly retirement benefit.

## 8. What about my lump sum vacation payment?

Your lump sum vacation payment is determined by your personnel/payroll office. It will not increase your retirement service credits. If you were hired prior to January 1, 1971, your AFC will be the average of your five highest years of earnings including your lump sum vacation pay, or your three highest years of earnings, whichever is greater. If you were hired after December 31, 1970, your highest three years of earnings will be used in the calculation of your AFC; your lump sum vacation payment will not be included.

## 9. Are death benefits payable after I leave my job?

Death benefits are not payable if you are no longer employed in a State or County job covered by ERS. However, when you retire, you may select a retirement option that will allow your beneficiary to receive a benefit when you die.

## 10. What if I come back to work after I retire?

In most cases, if you are an ERS retiree who returns to work in a position covered by ERS, you will be re-enrolled in the same retirement plan from which you retired and your pension will be suspended until your next retirement. You will earn additional service credits and a separate retirement benefit will be calculated for your re-employment period. When you again retire, you will receive an allowance for your re-employment period in addition to your previous pension.

You can continue to receive your ERS pension and retiree health benefits:

- Under certain circumstances, if you return to a position not covered by ERS; or
- If you return to work under the provisions of Act 156/SLH 2008.

Your personnel office will be able to tell you if your new job will be covered by ERS.

## **Additional Questions?**

Call or write to us at the Oahu office listed on the back cover or any of the following other ERS locations listed below.

You can also check our website at  
[www4.hawaii.gov/ers](http://www4.hawaii.gov/ers)  
for additional information.

### ***Hawaii***

*101 Aupuni Street, Room 208*

*Hilo, Hawaii 96720*

*Phone: 974-4076, 974-4077*

*Fax: 974-4078*

*Toll-free to Oahu: 974-4000, ext.61735*

### ***Kauai***

*3060 Eiwa Street, Room 302*

*Lihue, Hawaii 96766*

*Phone: 274-3010, 274-3011*

*Fax: 241-3193*

*Toll-free to Oahu: 274-3141, ext. 61735*

### ***Maui***

*State Office Building, Room 218*

*54 S. High Street*

*Wailuku, Hawaii 96793*

*Phone: 984-8181, 984-8282*

*Fax: 984-8183*

*Toll-free to Oahu: 984-2400, ext.61735*

### ***Molokai/Lanai***

*Toll-free to Oahu: 1-800-468-4644, ext. 61735*

### ***U.S. Mainland***

*Toll-free to Oahu: 1-888-659-0708*



**Employees' Retirement System**  
of the State of Hawaii



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201 Merchant Street, Suite 1400  
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This handout offers general information about pre-retirement issues. This is not a contract and does not amend, modify, override, or nullify any statute, rule, policy, procedure or document used in the retirement process. The rights and benefits that you are entitled to receive are governed by rules and statutes which may change.